

Dr. Jim Yong Kim
President
World Bank
1818 H St NW
Washington, DC 20433
United States

July 29 2014

Dear Dr Kim
RE: Changes in the Doing Business report

We, the organisations undersigned, welcome your intention to reform the methodological approach of the *Doing Business* report. In a November 2013 briefing we endorsed a number of the recommendations made by the Independent Panel chaired by Trevor Manuel. We were however surprised and disappointed by the lack of implementation of those recommendations in the methodological changes that will be put in place in the 2015 and 2016 editions of the report.

As outlined by the Independent Panel Review, the report's methodology has major flaws, which undermine its credibility and its relevance for achieving the World Bank Group's goals. This was previously emphasised by the Bank's Independent Evaluation Group, which stated that "most of the methodological limitations [of the *Doing Business* report] can and should be addressed promptly, lest they undermine its credibility."¹ In particular, Doing Business needs to become better aligned with moves towards greater country-owned and led development and an appreciation of the importance of a country's circumstances, stage of development and political choices.

The *Doing Business* report could, with a comprehensive overhaul of existing indicators, be a useful document to assess the contribution of business to global development. The World Bank Group itself has said that the indicators should not be used as a template for reform. It is worrying, then, that the Bank is now moving to include the indicators in the Strategic Country Diagnostic process, thus setting the stage for the indicators to be used exactly as a template for setting Bank priorities when negotiating the Country Partnership Frameworks. This is a step in the wrong direction from the advice given by the Independent Panel.

For the reform of the *Doing Business* report to get back on the right track, the following points must be addressed urgently:

- The World Bank Group must drop the countries' aggregate rankings. As outlined by the Independent Panel Review, the report's role is to inform policy, not to outline a normative position, which the rankings do.
- It is crucial that the reform process of the *Doing Business* report incorporates the major recommendations made by the Independent Evaluation Group and the Independent Panel's review.
- The 'Paying Tax Indicator' should be changed by removing any reference to the issue of tax rates, which is an incentive to push down corporate tax rates. As the recent work by the IMF on spillovers in international corporate taxation clearly indicates, pushing down corporate tax

¹ Independent Evaluation Group (2008) *Doing Business: An Independent Evaluation*, p. xvii

rates in developing countries is not a positive contribution to the sustainable development of these countries. Furthermore, the *Doing Business* report must rely less on the single input of PriceWaterhouseCoopers, which is not an independent and impartial observer.

- The Employing Workers indicator should be totally removed from the report (including its annexes and website). The Bank should instead, as the Independent Panel recommends, develop a more balanced approach to labour issues outside the *Doing Business* project and do so on the basis of the findings of the “World Development Report 2013: Jobs” and in close consultation with the International Labour Organisation and interested stakeholders.
- The World Bank Group should create a peer-review process of the report, which would include academics and non-State actors from different backgrounds, to improve and validate the methodological approach of the report.

We present the recommendations in this letter as part of this ongoing process of reform and look forward to the opportunity to contribute more systematically and directly to it.

We look forward to your response.

Yours sincerely
Jesse Griffiths
Director of Eurodad

On behalf of the following organisations:

11.11.11 (Belgium)

Action Aid International

Afrodad

Bretton Woods Project

CAFOD

Center of Concern

Christian Aid

CNCD-11.11.11 (Belgium)

Eurodad

Green Policy Institute (Bulgaria)

ITUC – International Trade Union Confederation

Jamaa Resource Initiatives (Kenya)

JCTR – Jesuit Center for Theological Reflection (Zambia)

KOO - Koordinierungsstelle der Österr. Bischofskonferenz f. internationale Entwicklung und Mission (Austria)

KOSID – Kosovo Civil Society Consortium for Sustainable Development (Kosovo)

Latindadd

Oxfam International

Urgewald (Germany)